Union of Myanmar
Form (2)
Sr. No. 2425
Dated 31.5.99
Myanmar Investment Commission

The Myanmar Investment Commission

PERMIT

Permit No. 322/99 Date 31st MAY 1999

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter MANAGING DIRECTOR, MYANMA MACHINE TOOLS & ELECTRICAL INDUSTRIES

(b) Citizenship MYANMAR

(c) Address PARAMI ROAD, 12TH BLOCK, HLAING TOWNSHIP, YANGON

(d) Name and address of principal organization MYANMA MACHINE TOOLS & ELECTRICAL INDUSTRIES, PARAMI ROAD, 12TH BLOCK, HLAING TOWNSHIP YANGON

(e) Place of incorporation YANGON

(f) Type of business in which investment is to be made MANUFACTURING AND MARKETING OF WIRING DEVICES AND OTHER ELECTRICAL CONSTRUCTION MATERIALS

(g) Place (s) at which investment is permitted PARAMI ROAD 12TH BLOCK, HLAING TOWNSHIP, YANGON.

(h) Amount of foreign capital US $ 1.4458 MILLION

(i) Period for bringing in foreign capital WITHIN SIX MONTHS FROM THE DATE OF CERTIFICATE OF INCORPORATION OF THE JVC

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US $ 1.7083 MILLION

(k) Permitted duration of investment 20 YEARS

(l) Name of the economic organization to be formed in Myanmar MYANMAR MATSUSHITA ELECTRIC WORKS LTD.

Chairman

The Myanmar Investment Commission

စာအမှတ် ၂၄၂၇
နေ့စွဲ ၁.၁၁.၉၈

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့် ပြု မိန့်

ခွင့်ပြုမိန့်အမှတ် ၇၂၂/၉၉ ၁၉၉၉ခုနှစ်၊ မေ လ ၃၁ ရက်။

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၀ အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် –

(က) ကမကထပြုသူ၏အမည် ဦးဆောင်ညွှန်ကြားရေးမှူး၊ မြန်မာ့စက်ကိရိယာနှင့် လျှပ်စစ်ပစ္စည်း ထုတ်လုပ်မှုလုပ်ငန်း

(ခ) မည်သည့်နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ ပါရမီလမ်း၊ လှိုင်မြို့နယ်၊ ရန်ကုန်မြို့

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ မြန်မာ့စက်ကိရိယာနှင့်လျှပ်စစ်ပစ္စည်း ထုတ်လုပ်မှုလုပ်ငန်း၊ ပါရမီလမ်း၊ လှိုင်မြို့နယ်၊ ရန်ကုန်မြို့။

(င) ဖွဲ့စည်းရာအရပ် ရန်ကုန်မြို့

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား ဆောက်လုပ်ရေးလုပ်ငန်းသုံး လျှပ်စစ်ဆက်သွယ်ရေးပစ္စည်းကိရိယာများထုတ်လုပ်ခြင်းလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) ပါရမီလမ်း၊ အကွက်အမှတ် ၁၂၊ လှိုင်မြို့နယ်၊ ရန်ကုန်မြို့။

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၁.၄၄၅၈ သန်း၊

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ဖက်စပ်ကုမ္ပဏီဖွဲ့စည်းတည်ထောင်ပြီး (၆) လအတွင်း

(ည) စုစုပေါင်း မတည်ငွေရင်း ပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ ၁.၇၀၈၃ သန်း နှင့်ညီမျှသော မြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း (၂၀) နှစ်

(ဌ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေးအဖွဲ့အစည်းအမည် MYANMAR MATSUSHITA ELECTRIC WORKS LTD.

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

GOVERNMENT OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

653 / 691, Merchant Street, Yangon.

Our ref : Ya Ka-1/461/99(2425) Tel : 272219, 272855
Dated : 31st May 1999 Fax : 095-01-282101

Subject : Decision of the Myanmar Investment Commission on the Proposal for "Manufacturing and Marketing of Wiring Devices and Other Electrical Construction Materials" under the name of "Myanmar Matsushita Electric Works Ltd.".

Reference: Ministry of Industry (2) Letter No. 52-2 Sa 2(1) 99 (989/98) dated 9-4-99.

1. The Myanmar Investment Commission, at its meeting 7/99 held on 23-4-99 had reviewed the proposal for investment in "Manufacturing and Marketing of Wiring Devices and Other Electrical Construction Materials" under the name of "Myanmar Matsushita Electric Works Ltd." submitted as a Joint Venture among Myanma Machine Tools and Electrical Industries, Matsushita Electric Works Ltd. and Kinsho Corporation of Japan. After careful review, it was deliberated that the proposed project be approved in principal for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting 17/99 held on 13-5-99 resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 20(Twenty) years from the Delivery date of the land.

4. Myanmar Matsushita Electric Works Ltd. shall pay to Myanma Machine Tools and Electrical Industries annual lease rental of the land (5000 square meters) as follows:

(a) for the first 5(Five) year period shall be US$ 5 (United States Dollars Five Only) per square meter per annum amounting to US$ 125,000 (United States Dollors One Hundred and Twenty Five Thousand Only).

(b) for the second 5 (Five) year period shall be US $ 5.50 (United States Dollars Five and Fifty Cents Only) per square meter per annum amounting to US $ 137,500 (United States Dollars One Hundred and Thirty Seven Thousand Five Hundred Only)

(c) for the third 5 (Five) year period shall be US$6.30 (United States Dollors Six and Thirty Cents Only)per square meter per annum amounting to US$157,500 (United States Dollors One hundred and Fifty Seven Thousand Five Hundred Only).

(d) for the fourth 5(Five) year period shall be US$ 7.20 (United States Dollors Seven and Twenty Cents Only) per square meter per annum amounting to US$ 180,000 (United States Dollors One Hundred and Eighty Thousand Only).

5. Myanmar Machine Tools and Electrical Industries shall subscribe its shares by capitalizing land rent for 10(Ten) years which shall constitute 30(Thirty) percent of the initial paid-up capital.

6. Furthermore, Myanmar Machine Tools and Electrical Industries shall have the right to increase its shareholding ratio in The Company up to 44(Forty- Four) percent in a manner prescribed in Article 7A of The Joint Venture Agreement.

7. Myanmar Matsushita Electric Works Ltd. shall pay a royalty at the rate of 2.5 (Two and a half) percent of the selling price of each and every item of the products as Technical Assistance to Matsushita Electric Works Ltd.

8. Myanmar Matsushita Electric Works Ltd. shall pay a royalty of 1 (One) percent of the selling price of the products bearing the Trademark to Matsushita Electric Industrial Co., Ltd.

9. In issuing this "Permit" the Commission has granted the following exemptions and reliefs:

(a) As per Section-21(a), exemption from income-tax up to 36 (Thirty Six) months starting from the month of commencement of commercial operation.

(b) As per Section-21(b), regarding exemption from income-tax on profits of the business if they are maintained in a reserve fund and re-invested therein within one year after the reserve is made, Myanmar Matsushita Electric Works Ltd. shall apply for such exemption only after 3-year tax holiday period.

(c) As per Section-21(c), Myanmar Matsushita Electric Works Ltd. shall be granted to accelerate depreciation in respect of machinery, equipment, building or other capital assets used in the business to the extent of the original value for the purpose of income-tax assessment. However, Myanmar Matsushita Electric Works Ltd. shall have to apply to the Commission such rates of depreciation.

(d) As per Section-21(d), relief from income-tax up to 50 percent on profits accrued from exports, such relief has to be applied, upon actual performance, following 3-year tax holiday period.

(e) As per Section-21(e), Myanmar Matsushita Electric Works Ltd. shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income.

(f) As per Section-21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(g) As per Section-21(g), regarding the right to deduct from the assessable income such expenses incurred in respect of research and development relating to the enterprise which are actually required and are carried out within the State, Myanmar Matsushita Electric Works Ltd. shall apply, upon actual performance of such research and development programme, only after 3-year tax holiday period.

(h) As per Section-21(h), regarding right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from income-tax, Myanmar Matsushita Electric Works Ltd. shall file the case, if any, to the Ministry of Finance and Revenue in accordance with Section-4 of the Income Tax Amendment Law, 1991.

(i) As per Section-21(i), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which are imported as they are actually required for use during the period of construction.

(j) As per Section-21(j), exemption from customs duty and all other internal taxes on such raw materials and additional import of machinery, equipment and spare parts which are actually required for operation of the business shall be granted within three years of commercial operation following the period of construction.

10. Myanma Machine Tools and Electrical Industries shall have to sign Joint Venture Agreement with Matsushita Electric Works Ltd. and Kinsho Corporation and shall also have to sign the Land Lease Agreement with Myanmar Matsushita Electric Works Ltd.. Myanmar Matsushita Electric Works Ltd. shall have to sign Technical Assistance Agreement with Matsushita Electric Works Ltd. and shall also have to sign Trademark License Agreement with Matsushita Electric Industrial Co., Ltd. and Matsushita Electric Works Ltd. After signing such Agreements, (5) copies each of those shall have to be forwarded to the Commission.

11. Myanmar Matsushita Electric Works Ltd., in consultation with the Department of Company Administration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

12. Myanmar Matsushita Electric Works Ltd. shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

13. The official date of operation shall be reported to the Commission.

14. Myanmar Matsushita Electric Works Ltd. shall endeavour to meet the targets for production and export stated in the proposal as the minimum target.

15. The Commission approves periodical appointments of foreign experts and technicians from abroad as per Proposal. Myanmar Matsushita Electric Works Ltd. shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

16. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner.

(a) The amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened.

(b) The detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Sub-Committee.

17. Whenever Myanmar Matsushita Electric Works Ltd. brings in foreign capital defined under Section 2(h) of the Law, other than foreign currency in the manner stated in paragraph 16(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

18. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure(1)]

19. Myanmar Matsushita Electric Works Ltd. shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over-run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

20. Myanmar Matsushita Electric Works Ltd. shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94 (0440) dated 30-6-94 [Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

21. Myanmar Matsushita Electric Works Ltd. shall follow the procedures prescribed by the Commission, vide letter No. Ya Ka-7/408/94 (0424) dated 29-6-94 [Annexure(3)] to expedite the clearance of imports of capital and inter-industry use goods brought in as capital investment and raw materials required during the initial 3-year operation period.

22. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Myanmar Matsushita Electric Works Ltd..

23. Myanmar Matsushita Electric Works Ltd., in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

By Order,

Brig-Gen Maung Maung
Secretary

Managing Director
Myanma Machine Tools and Electrical Industries

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Office of the Strategic Studies, Ministry of Defence
5. Ministry of National Planning and Economic Development
6. Ministry of Finance and Revenue
7. Ministry of Commerce
8. Ministry of Industry (2)
9. Ministry of Foreign Affairs
10. Ministry of Home Affairs
11. Ministry of Immigration and Population
12. Ministry of Labour
13. Ministry of Electric Power
14. Chairman, Committee for Assisting the Myanmar Investment Commission (Governor, Central Bank of Myanmar)
15. Chairman, Foreign Capital Evaluation Sub-Committee (Director General, Central Equipment Statistics and Inspection Department)
16. Director General, Directorate of Investment and Company Administration
17. Director General, Customs Department
18. Director General, Internal Revenue Department
19. Managing Director, Myanma Foreign Trade Bank
20. Managing Director, Myanma Investment and Commercial Bank
21. Managing Director, Myanma Insurance
22. Managing Director, Myanma Electric Power Enterprise
23. Director General, Directorate of Trade
24. Director General, Immigration and National Registration Department
25. Director General, Directorate of Labour
26. Chairman, Union of Myanmar Chamber of Commerce and Industry